

REPORT OF THE SASB CHAIR

February 9, 2021 – July 8, 2021

Item I: Standards-Setting Activities

A. Meetings of the Standards Board

- On Feb 25-26 and on May 4-5, the Standards Board held public and closed web-based meetings. The closed meetings were attended by some members of the Foundation Board. No technical standards setting activity took place during the closed meetings. Recordings of the public meetings are available on SASB's website.
- At the public meeting on Feb 26, the Standards Board discussed several projects, including the following highlights:
 - The Standards Board received from staff a summary of preliminary insights from public consultation on the Human Capital research project. Staff noted a general consensus among survey respondents on the relevance of the sub-themes outlined in the Preliminary Human Capital Framework, but also varying views on the materiality of these themes by industry.
 - The Standards Board also received a summary of the public comments received on the Conceptual Framework and Rules of Procedure exposure drafts, which were available for public comment from August 28-December 31, 2020. Public comments received addressed financial materiality, the characteristics for topic and metrics selection, the potential for additional detail and clarity, and considerations related to further alignment with the IASB Conceptual Framework for Financial Reporting. Staff will continue to analyze the comments and conduct additional market consultations.
 - Staff discussed with the Standards Board three early-stage research opportunities in the Infrastructure sector: renewable energy policies in Electric Utilities; the incorporation of end-use efficiency into business models of Electric, Gas, and Water Utilities; and healthy buildings in Real Estate. Staff will continue to assess the opportunities and priorities for research and standard setting across the sector.

- As the public meeting on May 5, the Standards Board discussed several projects, including the following highlights:
 - The Standards Board voted to initiate a standard-setting project on Alternative Products in Food & Beverage. The project includes the consideration of new or revised disclosure topics and metrics to address alternative products in the Meat, Poultry & Dairy and the Food Retailers & Distributors industries.
 - Staff presented to the Standards Board the results of the recently concluded public comment period for the Tailings Management in Extractives standard-setting project. Themes from the public comments included the appropriate level of alignment between the SASB Standards and the Global Industry Standard on Tailings Management (GISTM). Staff will continue to engage with market participants and deliberate further changes to the exposure draft in preparation for developing recommendations to the Standards Board.
 - The Standards Board discussed two ongoing research projects:
 - On the Human Capital research project, staff presented proposed project tranches and prioritization of those tranches. The Standards Board expressed general support for prioritizing the workplace culture project tranche, which includes diversity and inclusion, and expressed substantial support for an industry-agnostic workstream centered on broadly applicable, fundamental human capital information needs by investors.
 - Staff also presented key findings from the Supply Chain Management in the Tobacco Industry research project. Research and consultation findings indicated that while sustainability issues related to supply chain management are likely to present material financial implications, investor interest in the issue varies widely, and there is uncertainty about the market needs SASB could serve through standard setting. The Standards Board members express support for the staff view to conclude the research project.
- The Standards Board will hold public and closed web-based meetings on July 7-8, 2021 and on Sept 30-Oct 1, 2021.

B. Additional Agenda Updates

- On Mar 16, the Standards Board issued an exposure draft and an invitation to comment for proposed changes to the Asset Management & Custody Activities Industry Standard. The public comment period closed on June 15, 2021.
- On June 3, the Standards Board issued an exposure draft and an invitation to comment for proposed changes to the Apparel, Accessories & Footwear Industry Standard. The public comment period will remain open until Sept 2, 2021.

Item II: Interaction with the Foundation, Advisory Groups, and Stakeholders

A. SASB Foundation / Value Reporting Foundation Board of Directors

- On Feb 24, the Chair of the Standards Board attended a web-based meeting of the SASB Foundation Board of Directors.
- On April 14, the Chair of the Standards Board attended a web-based meeting of the SASB Foundation Board of Directors.
- On May 10, the Chair of the Standards Board attended a web-based meeting of the SASB Standards Oversight Committee.
- On June 9, the Chair of the Standards Board attended a web-based, inaugural meeting of the Value Reporting Foundation Board of Directors
- On June 16, the Chair of the Standards Board attended a web-based meeting of the Value Reporting Foundation Nominating Committee.

B. Key Stakeholder Interaction

- On June 7, the Chair of the Standards Board attended a web-based meeting of the OECD's Blue Dot Network as a member of the Executive Consultation Group.

C. Standards Advisory Group

- On March 23, the Research Team led a discussion with SAG members and other experts from the Oil & Gas - Midstream industry to discuss and prioritize potential areas of improvement within the industry standard.
- On March 31, the Research Team hosted a conversation with the SAG members from the Infrastructure sector to discuss potential research opportunities in the sector.
- On May 18, the Research Team hosted a moderated fireside chat for SAG members featuring the SASB CEO and the Chair of the SASB Standards Board. The CEO and Standards Board Chair shared their perspectives on SASB's standards-update process, trends in the ESG disclosure landscape, and the future of SASB.

- Research Team project leads have engaged with SAG members as a part of the consultation phase of all research and standard-setting projects.
- Members of the Research Team continue to have 1-on-1 conversations with SAG members regarding a series of topics related to challenges and opportunities related to the implementation and use of the SASB Standards, as well as potential research projects.

D. Presenters in SASB's Academic Research Series

- Krystyna Bochkay, University of Miami (Feb 2), "Disclosure standards and communication norms: Evidence of voluntary disclosure standards as a coordinating device for capital markets"
- Jody Grewal, University of Toronto (June 8), "Research on Corporate Sustainability"

Item III: Additional Stakeholder Education and Communications

A. Speaking Engagements and Presentations (SASB Board and Staff)

- Members of the Standards Board and Research team provided support for stakeholder education and communication by speaking at many events. Some highlights include:
 - Fordham RBC Workshop (February 12, Taylor Reed, Research Team)
 - Society for Corporate Governance's Annual Corporate Governance Forum (February 25, Jeff Hales, Standards Board)
 - 42nd Annual Institutional Investors Conference hosted by Raymond James (March 1 – 3, Kurt Kuehn, Standards Board)
 - ESG session for the Audit Executive Center CAEs, The Institute of Internal Auditors (March 15, Kurt Kuehn, Standards Board)
 - The Economist's Climate Risk Summit: North America (March 15, David Parham, Research Team)
 - JP Morgan Global ESG Conference (March 23-25, Verity Chegar, Standards Board)
 - AIAG Corporate Responsibility Summit (April 14 - 15, Gail Glazerman, Research Team)
 - Baker McKenzie Webinar (April 21, Dan Goelzer, Standards Board)



- Baruch College 19th Annual Financial Reporting Conference (May 5, Marc Siegel, Standards Board)
- AICPA & CIMA CFO Conference (May 5, Robert Hirth, Standards Board)
- University of Washington Financial Reporting Conference (May 7, Jeff Hales, Standards Board)
- EIB Climate Chair High Level Policy Dialogue (June 10, David Parham, Research Team)
- The Dasgupta Review Roundtable (June 15, Jeff Hales, Standards Board)
- ESG & Finance: CFO's Role, Terry College of Business, University of Georgia (June 22, Kurt Kuehn, Standards Board)

B. Other Public Meetings

- Analysts on the Research Team have led a series of working groups designed to explore early-stage research opportunities that may lead to future standard setting. Group membership included, but is not limited to, SAG members. Working groups are currently exploring the following topics/themes: data security, greenhouse gas emissions and air quality in marine transportation, biotechnology & pharmaceuticals, healthcare distributor standards, and net zero commitments.

C. Other Items

On June 9, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) officially announced their merger to form the Value Reporting Foundation. SASB Standards will continue to be set by the SASB Standards Board in accordance with the principles, processes, and practices outlined in the SASB *Conceptual Framework* and *Rules of Proc*